

Don't Let the Dust Settle on Your Lease: 8 Factors to Consider

Owners often neglect understanding their leases and this can be problematic. If your business is location-sensitive, then the status of your lease could be of paramount importance. Restaurants and retail businesses, for example, are usually location-dependent and need to pay special attention to their leases. But with that stated, every business should understand in detail the terms of its leases.



There are many key factors involving leases that should not be ignored or overlooked. If you adhere to these guidelines, you'll be much more likely to control your outcomes.

1. At the top of the list is the factor of length. Usually, the longer your lease the better.
2. Secondly, if the property does become available, then it is often in an owner's best interest to try and buy the property or he or she may be forced to move.
3. When negotiating a lease, it is best to negotiate a way out of the lease if possible; this is particularly important for new businesses where the fate of your business is still an unknown. Experts recommend opting for a one-year lease with a long option period.
4. You may want to sell your business at some point, and this is why it is important to see if your landlord will allow for the transfer of the lease and what his or her requirements are for the transfer.
5. Look at the big picture when signing a lease. For example, what if your business is located in a shopping center? Then attempt to have it written into your lease that you're the only tenant that can engage in your type of business.
6. If you're located in a shopping center, then try to outline in your agreement a reduction of your rent if an anchor store closes.

7. Your lease should detail what your responsibilities are and what responsibilities your landlords hold. Keep in mind that if you are a new business, it is quite possible that your landlord will likely require a personal guarantee from you, the owner.

8. The dollar amount is necessarily the most important factor in determining the quality of your lease. It is important to carefully assess every aspect of the lease and understand all of its terms.

There are many other issues that should be taken into consideration when considering a lease.

- For example, what happens in the event of a natural disaster or fire? Who will pay to rebuild?
- Is there a percentage clause and, if so, is that percentage clause reasonable?
- How are real estate taxes, grounds-keeping fees and maintenance fees handled?

Investing the time to understand every aspect of your lease will not only save you headaches in the long run, but it will also help to preserve the integrity of your business.

About CK Business Consultants, Inc.:

CK Business Consultants, Inc. has been dealing exclusively in the sale and acquisition of petroleum and propane related mid-market companies since 1976. We are qualified, experienced, and highly professional intermediaries working with both buyers and sellers in the successful transfer of business ownership. We handle all phases of the project including initial analysis, valuations, developing a confidential information memorandum, locating qualified buyers, negotiations, and execution of the transaction. For more information, please call or email Gary Papay @ 570-584-6488, gpapay@ckbc.net or visit our website @ www.ckbc.net.